

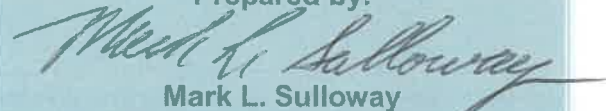
Audit #16-04:

Robert L. Taylor Community Complex

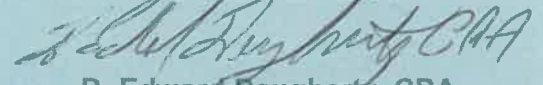
Executive Summary Report

Office of the City Auditor and Clerk
Internal Audit

Prepared by:

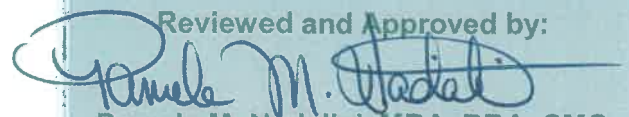


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EXECUTIVE SUMMARY

AUDIT #16-04 ROBERT L. TAYLOR COMMUNITY COMPLEX

AUDIT PURPOSE AND SCOPE

The purpose of this audit was to provide reasonable assurance that Robert L. Taylor facilities and resources are being utilized in the most efficient manner and in accordance with City policies and procedures. The time period reviewed during the audit was July 1, 2014 to December 31, 2015, and included review of current department procedures, activities and processes.

REPORT CONTENT AND LIMITATION OF USE

This executive summary report is limited in detail. In order to obtain the full background on a particular item, please review the Detailed Audit Report prior to drawing conclusions based upon the limited information contained in this report.

AUDIT OBJECTIVES AND CONCLUSIONS

A complete list of Internal Audit's observations and recommendations begins on page 5 of this report. For information on priority levels assigned to audit recommendations, please see [Exhibit A](#).

1. Processes were generally in place to accurately track memberships, program attendance, attendee statistics, programs conducted, facility usage, expenses, purchases and employee staffing levels. Revenue and expenses for various programs were not accounted for separately. No evidence of a budget process for individual programs was identified. Room rentals were tracked manually, using a calendar to record individual rentals. Staff was not verifying the receipt of delivery of purchased items. Facility usage reports were not easily generated with current software.
2. There was no established process in place to review and update membership rates, amenity fees and room rental rates established in 2011. Current fees for services generally appeared to be accurately assessed and consistently applied. Members are only charged for months that they utilize the facility.
3. Fees, revenues and donations were generally collected, documented, safeguarded, and deposited in accordance with City policies. Room reservation deposits and payments were generally received and deposited in a timely manner. Room reservations were maintained in a handwritten list. Tested rental charges matched published rental rates. Tested donations accepted had corresponding City accounting entries.
4. There was no requirement for third party service providers to conduct background checks of employees and volunteers working at the Center. No third-party liability insurance was identified for organizations utilizing the facility with a certificate naming the City as an "additional insured". The Robert L. Taylor Policy and Procedures Manual did not address requirements for safety inspections, including which inspections are required and what information needs to be included with each inspection.

5. Fixed assets were generally properly identified and inventoried in accordance with City policies.

6. Playground, swimming pool, and fitness equipment were generally properly and timely inspected and maintained in accordance with relevant safety policies. Certified inspectors were used to conduct the inspections were required. There was no evidence of management review and correction of identified inspection issues. There was no master listing and timetable of all required facility inspections and the person responsible for their completion. Robert L. Taylor is covered under the City's self-insurance. There were no liability insurance claims during the audit period. No umbrella liability insurance policy was identified for the facility during the audit period.

Audit Objectives	Objective Ratings		
1. Determine whether processes are in place to accurately track memberships, program attendance, attendee statistics, programs conducted, facility usage, expenses, purchases and employee staffing levels.		X	
2. Determine whether processes are in place to develop, review and approve amenity fees and room rental rates, and whether fees for services are accurately assessed and consistently applied.		X	
3. Determine whether fees, revenues and donations are properly collected, documented, safeguarded, and deposited in accordance with City policies.	X		
4. Determine whether oversight processes are in place to monitor the facility and ensure the safety of the facility, attendees and staff.			X
5. Determine whether mechanisms are in place to verify fixed assets are properly identified, inventoried, and tracked for necessary replacement.	X		
6. Determine whether playground, swimming pool, and fitness equipment is properly and timely inspected and maintained in accordance with relevant safety policies and adequate insurance coverage is maintained.		X	

AUDIT OBSERVATIONS AND RECOMMENDATIONS

#	Subject	Priority	Observation	Recommendation	Concur Yes/No	Management Response	Committed Action Item Due Date
1	Outside Agencies	High	<p>There were no documented procedures to monitor outside organizations administering programs or utilizing the Robert L. Taylor facility.</p> <p>Completion of staff background checks for the vendor Brothers and Sisters Doing the Right Thing could not be confirmed.</p> <p>Liability insurance could also not be confirmed for the same vendor.</p>	<p>We recommend procedures be established to monitor all outside organizations utilizing the facility.</p> <p>Confirmation that background checks have been completed on all third-party staff utilizing the facility should be obtained. Background screenings should be completed to ensure the safety of all minors.</p> <p>We recommend a certificate of liability insurance be obtained from all non-profit organizations administering a program at Robert L. Taylor. Liability insurance can reduce the City's exposure to claims.</p>	Yes	A volunteer background check policy has been developed for all persons that volunteer their time with programming at the Robert L. Taylor Community Complex.	6/12/17
2	Management and Facility Usage Reports	Medium	Management reports identifying program attendance and facility usage are not being generated with current software. Staff maintains a handwritten list for the number of room reservations and activities.	We recommend software and its usage be evaluated for the generation of management and facility usage reports for management's review. Trends may be identified that will assist in program development or cost savings and assist with marketing strategies.	Yes	Staff currently maintains facility usage via a handwritten calendar book. The current software (CSI Spectrum/NG) does not easily generate facility usage reports for events. We are looking at evaluating new software that will better suit the needs of this facility.	10/1/17

#	Subject	Priority	Observation	Recommendation	Concur Yes/No	Management Response	Committed Action Item Due Date
3	Program Expenses	Medium	Program revenues and expenses (both purchase order and P-Card) are not being tracked on an activity or program basis for budget comparisons and cost analysis.	We recommend separate account codes be used to identify each activity or program. Identifying actual program costs should help match a program's expenses with its revenues, providing management with a full accounting of the program.	No	Programs expenses are tracked via spreadsheets kept by RLT Staff. They are not separate lines items shown in the FMS Budget Inquiry. Auditor's Comment: During the audit, RLTCC staff was unable to provide expense reports of individual programs.	N/A
4	Retail Purchases	Medium	There was no evidence of on-site receipt of retail purchases by a staff member other than the purchaser.	We recommend that a policy be established verifying purchases are received on site.	Yes	The Staff of RLTC have developed a written policy on receiving items purchased with either a P-card or Purchase Order. Receipts for items purchased will be signed and verified by another RLTC Supervisor or Administrator.	5/1/17
5	Membership Rates and Facility Rental Charges	Medium	Per Robert L. Taylor staff, there is no policy or procedure to review and update amenity fees, membership and room rental rates.	We recommend new rate comparison with other similar facilities be conducted and rates adjusted to maximize income. Rate adjustments should help to maximize revenue and cover costs.	Yes	Event Rental fees will be reviewed every 12 months to ensure we remain competitive in the local market. Rates charged for Fitness and Full Passes will also be reviewed annually to remain competitive locally.	5/1/17
6	Liability Insurance	Medium	Robert L. Taylor is covered under the City's self-insurance. No umbrella liability insurance policy was identified.	We recommend management determine if obtaining an umbrella liability insurance policy including Robert L. Taylor would reduce the exposure risk for the City. Any risk reduction could potentially save the City additional costs in the event of a claim.	Yes	The Robert L. Taylor Community Center was added to the City's General Liability Policy effective 10/1/2016. Insurance coverage beginning 10/1/2016 is provided through Nautilus Insurance Company.	10/1/16
7	Inspection Report Management	Medium	Inspections issues identified were generally corrected in a timely manner. No written policies were noted for the review and management of required inspections. Not all facility inspection reports included the name of the staff member completing the inspection, nor their signature.	We recommend policies and procedures be established to manage inspection reports. Inspection reports should be both dated and signed. Required corrective actions should be tracked for completion. Signed and dated inspection reports assign individual responsibility for the reviews.	Yes	A policy has been developed to manage all Robert L. Taylor safety inspections and inspections for the Pool, Slide, Commercial Kitchen and Fire System.	5/1/17

EXHIBIT A: AUDIT PRIORITY CLASSIFICATION SYSTEM

Internal Audit utilizes the following classification scheme applicable to internal audit recommendations and the appropriate corrective actions:

Priority Level ¹	Description	Implementation Action ³
High	Fraud or serious violations are being committed or have the potential to occur, security issues, significant financial or non-financial losses are occurring or have the potential to occur. ²	Immediate
Medium	A potential for incurring moderate financial or equivalent non-financial losses exists. ²	Within 60 days
Low	A low priority observation indicates that the controls reviewed at the time of the audit indicated a satisfactory or acceptable state of control however operation or administrative process may be improved if certain additional changes are implemented.	60 days to 6 months

¹ The City Auditor and Clerk is responsible for assigning internal audit recommendation priority level categories. A recommendation that clearly fits the description for more than one priority level will be assigned the higher priority level.

² For an audit recommendation to be considered related to a significant financial loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved, or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-financial losses would include, but not be limited to, omission or commission of acts on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens.

³ The implementation time frame indicated for each priority level is intended as a guideline for establishing target dates. Determining proposed action dates is the responsibility of the Charter Official(s) over the area(s) or function(s) audited.

NOTE: Please note that this exhibit is a standard form which appears in every audit and is meant to be utilized to aid management in understanding the seriousness or potential seriousness of an audit observation. A "High" or "Medium" priority rating assigned to an audit observation should not be construed to mean that fraud or wrongdoing is, in fact, occurring but rather fraud or wrongdoing has the potential to occur in the absence of adequate internal controls.